



Bill Draft 2013-LRz-139*: DES/Garnishment/Employer Receipts.

2013-2014 General Assembly

Committee:	Joint Legislative Oversight Committee on Unemployment Insurance	Date:	April 30, 2014
Introduced by:	Representative Howard; Senator Rucho	Prepared by:	Phyllis Pickett
Analysis of:	2013-LRz-139*		Committee Counsel

SUMMARY: *Clarifies Division of Employment Services authority to garnish or attach the credit card receipts of delinquent tax payers to discharge unpaid unemployment insurance tax debt.*

CURRENT LAW: The Division of Employment Security of the Department of Commerce (DES) is authorized by G.S. 96-10(b) to bring civil actions to collect delinquent unemployment insurance taxes. G.S. 1-359 is the statute governing the manner in which debtors of a judgment debtor, such as defendant delinquent taxpayer, may satisfy execution.

BILL ANALYSIS: The recommended legislation clarifies and harmonizes DES's use of attachment and garnishment of credit card receipts to obtain payment of unpaid employment taxes from delinquent employers.

Section 1 of the recommended legislation amends G.S. 1-359 to specifically allow DES to execute a judgment by attaching or garnishing a delinquent employer's credit card receipts and then receiving those funds directly from a credit card company or clearinghouse in discharge of the debt.

Section 2 clarifies that, under G.S. 96-10(b)(1), DES may garnish or attach credit card receipts due an employer using the process for execution authorized by new G.S. 1-359(b) to receive direct payment.

EFFECTIVE DATE: The act is effective when it becomes law and applies to judgments entered on or after that date.

BACKGROUND: DES is responsible for collecting delinquent unemployment taxes from employers who fail to remit unemployment tax payments. DES may use the same range of forms of execution available to any other judgment creditor who prevails against a defendant. Obtaining payment from a debtor's debtor is one such method.

